



# Department of Justice

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TUESDAY, SEPTEMBER 17, 2002  
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## **NEW YORK ADVERTISING EXECUTIVE FACES NINE NEW FRAUD AND TAX COUNTS**

WASHINGTON, D.C. -- A Manhattan federal grand jury today returned a superseding indictment with nine new fraud and tax charges against a New York City advertising executive, in addition to bid rigging and conspiracy to commit mail fraud counts previously charged, the Department of Justice announced.

Mitchell E. Mosallem of Manhattan, former executive vice president and director of graphic services at Grey Global Group Inc. (Grey), an advertising agency headquartered in Manhattan, today was charged in U.S. District Court in Manhattan with three additional counts of conspiracy in connection with his receipt of kickbacks between 1990 and 2001, one additional count of conspiracy to defraud the Internal Revenue Service and five additional counts of signing false tax returns.

"Today's new charges demonstrate the Antitrust Division's resolve to seek out and prosecute anti-competitive practices and offenses associated with the advertising and graphics industries," said Charles A. James, Assistant Attorney General in charge of the Department's Antitrust Division.

On May 16, 2002, Mosallem; The Color Wheel Inc. (Color Wheel), a Manhattan supplier of graphic services; and John Ghianni of Fort Lee, New Jersey, a salesperson of an unindicted graphic supply company, were indicted for conspiring to rig bids and allocate contracts for the supply of retouching and separation services purchased by Grey on behalf of one of its clients

from late 1994 until 2001. The indictment also charged Mosallem; Color Wheel; Haluk K. Ergulec, Color Wheel's owner; and Birj Deckmejian, a Color Wheel salesperson, with conspiring to defraud certain Grey clients in a phony billing scheme from 1991 until July 2000. Those charges remain the same, Count One and Count Two, in the superseding indictment returned today.

According to the superseding indictment returned today, Mosallem received kickbacks from three suppliers of graphics services to Grey, and failed to account for those kickbacks on his income tax returns. The kickbacks included cash, travel, clothing and limousine services. In return for the kickbacks, Mosallem included the corrupt suppliers on Grey's limited list of approved vendors, and ensured that those suppliers received a portion of the total amount of contracts for graphic services awarded by Grey.

The bid-rigging charge, a violation of the Sherman Act, 15 U.S.C. § 1, carries a maximum penalty of three years' imprisonment and a \$350,000 fine for individuals and a \$10 million fine for corporations.

The conspiracy charges, violations of 18 U.S.C. § 371, each carry a maximum penalty of five years' imprisonment, three years' supervised release and a \$250,000 fine.

Each of the counts of subscribing to false and fraudulent tax returns, in violation of 26 U.S.C. §7206(1), carries a maximum penalty per count of three years in prison, one year of supervised release and a \$100,000 fine, together with the cost of prosecution.

The maximum fine on each count may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine. In addition, each defendant upon conviction could be ordered to pay restitution to any victim for the full amount of that victim's loss.

Today's charges arose from an ongoing federal antitrust investigation of bid rigging, bribery, fraud, and tax-related offenses in the advertising and printing and graphics industries. The investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the advertising or printing industries should contact the New York Field Office of the Antitrust Division at (212) 264-3179 or the New York Division of the FBI at (212) 384-3252.

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